

April 7, 2008

Mr. Honesto Gatchalian
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Reply Comments of Southern California Edison Company
(U 338-E) on Draft Resolution E-4160

Dear Mr. Gatchalian:

In accordance with the instructions included with Draft Resolution E-4160 (the "Draft Resolution"), Southern California Edison Company ("SCE") offers these reply comments to the Draft Resolution. Because the Commission's Executive Director granted the joint party request of SCE, Pacific Gas and Electric Company ("PG&E"), San Diego Gas & Electric Company ("SDG&E"), the Center for Energy Efficiency and Renewable Technologies ("CEERT"), and the California Wind Energy Association ("CalWEA"), to bifurcate the policy issues related to the allocation and administration of above-MPR funds ("AMF") from the Draft Resolution, SCE offers these limited reply comments regarding the opening comments filed by PG&E, SDG&E, CEERT, CalWEA, the Concentrated Solar Power Companies, Semptra Generation, the California Manufacturers & Technology Association, and the California Large Energy Consumers Association.

First, the opening comments reveal that the parties universally support the Commission's approval of the adjustments in the Investor-Owned Utilities' ("IOUs") rate component provided for in the Draft Resolution. Also, no party affirmatively objects to bifurcating the issue of establishing the total cost limitation for above-MPR costs for each utility. Indeed, two parties, PG&E and CEERT, support the bifurcation of this issue. As SCE stated in its opening comments, this issue is of great importance and will have a large impact on the Renewable Procurement Standard ("RPS") program. Given that the Commission has already bifurcated the AMF issues that directly affect how these funds will be used, there would be little to no impact in delaying the resolution of this issue.

Second, many of the parties have expressed their concerns over the restrictions placed on contract eligibility for AMF allocation and the reasonableness standards for approval of an above-MPR contract. These concerns reflect many of the same points SCE expressed in its opening comments related to these standards. Namely, given the State's aggressive renewable energy goals, the Commission should be opening up broader opportunities for contracting and project development. Unfortunately, the standards currently set forth in the Draft Resolution will have the opposite effect. As SCE stated in its opening comments, "SCE encourages the Commission to reconsider whether its new policies advance or thwart renewables in California."

Finally, many of the parties have expressed their misgivings regarding the manner in which the implementation of SB 1036 was conducted. SB 1036 is important legislation that affects the RPS program at all levels, including the IOUs, their customers, and the renewable development community as a whole. It would have been more appropriate to address some aspects of SB 1036's implementation through formal Commission process (*e.g.*, the current RPS rulemaking). A number of issues raised by SB 1036 are too important to be decided simply through the comment period of a draft resolution. While the Commission has alleviated some of SCE's concerns regarding the manner in which SB 1036's implementation will occur, SCE continues to reserve its right to seek more formal processes in the event these issues cannot be resolved through workshops.

Southern California Edison Company

/s/ AKBAR JAZAYERI

Akbar Jazayeri

cc: President Michael Peevey, CPUC
Commissioner Dian Grueneich, CPUC
Commissioner John Bohn, CPUC
Commissioner Rachelle Chong, CPUC
Commissioner Timothy Alan Simon, CPUC
Sean Gallagher, Director, CPUC Energy Division
Maria Salinas, Energy Division
Paul Douglas, Energy Division
Cheryl Lee, Energy Division
R.06-05-027, service list
R.06-02-012, service list